

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07

CEA-01 L-03 H-01 /097 W

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P 151030Z JUN 78

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC PRIORITY 7013

INFO AMEMBASSY BRIDGETOWN PRIORITY

AMEMBASSY KINGSTON PRIORITY

AMEMBASSY PORT OF SPAIN PRIORITY

AMEMBASSY PARAMARIBO PRIORITY

AMEMBASSY PORT AU PRINCE PRIORITY

AMEMBASSY SANTO DOMINGO PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 GEORGETOWN 1955

E.O. 11652: GDS

TAGS: EFIN, EAID

SUBJECT: CARIBBEAN GROUP: DISCUSSION WITH MINISTER FINANCE HOPE

REF: STATE 148142

1. AMBASSADOR CALLED ON MINISTER FINANCE FRANK HOPE MORNING OF JUNE 14 TO DISCUSS REFTEL. HOPE WILL BE LEADING GUYANESE DELEGATION TO IBRD MEETING ON CARIBBEAN JUNE 19-23. DURING PRELIMINARY PORTION OF MEETING HOPE CONFIRMED THAT GOG HAS COMPLETED NEGOTIATION OF A ONE-YEAR STANDBY AGREEMENT WITH THE IMF. DOOR IS NOW OPEN FOR CREATION OF A GUYANA SUB-GROUP UNDER THE AEGIS OF IBRD CARIBBEAN INITIATIVE, THE FIRST MEETING OF WHICH WILL BE HELD THURSDAY, JUNE 22. HOPE WILL ALSO REPRESENT THE GOG AT THE SUB-GROUP MEETING.

2. AMBASSADOR WENT OVER THE TALKING POINTS CONTAINED REFTEL WITH HOPE. HIS COMMENTS FOLLOW:

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(A) THOUGH INDICATING A CERTAIN RESIDUAL SKEPTICISM ABOUT THE LONG TERM ADVANTAGES OF THE IBRD MULTILATERAL APPROACH TO THE CARIBBEAN ECONOMIC DEVELOPMENT, GOG IS PREPARED TO PARTICIPATE FULLY IN THE EFFORT AND DOES HOPE FOR ITS ULTIMATE SUCCESS.

(B) HOPE WAS PLEASED TO HEAR THAT THE U.S. WAS CARRYING ON BILATERAL CONSULTATIONS WITH OTHER DONORS SUCH AS

GERMANY AND JAPAN IN AN EFFORT TO ENCOURAGE THESE NATIONS TO BE MORE FORTHCOMING IN RESPONSE TO THE CARIBBEAN INITIATIVE. THOUGH NEITHER GERMANY NOR JAPAN HAS DIPLOMATIC REPRESENTATION IN GEORGETOWN, HOPE SAID HE WOULD BE WILLING TO SUPPORT SUCH EFFORTS IN WASHINGTON DURING THE COURSE OF THE IBRD MEETING. GOG WILL ALSO ENCOURAGE UK AND CANADA TO CONTRIBUTE TO THE CDF (CARIBBEAN DEVELOPMENT FACILITY).

(C) HOPE SEES ONLY A SLIGHT CHANCE THAT TRINIDAD CAN BE BROUGHT TO PARTICIPATE MORE FULLY IN FORTHCOMING MEETING. IT IS OBVIOUS TO GOG THAT PRIME MINISTER WILLIAMS IS STILL SITTING ON THE SIDELINE AND WILL BE UNWILLING TO TAKE A MORE POSITIVE ATTITUDE TOWARD THE CARIBBEAN GROUP FOR COOPERATION AND ECONOMIC DEVELOPMENT UNLESS AND UNTIL THE GROUP EVINCES LONG-TERM VIABILITY. HE CITED THE FACT THAT WILLIAMS HAD NOT GONE TO ST. KITTS FOR THE RECENT FUNERAL OF PREMIER BRADSHAW AS EVIDENCE THAT THE TRINIDADIAN PRIME MINISTER WAS STILL AVOIDING CONTACT WITH HIS PEERS WITHIN THE CARIBBEAN COMMONWEALTH.

(D) BECAUSE OF ITS RECENT NEGOTIATIONS WITH THE IMF, HOPE SAID THAT THE GOG HAS OBVIOUSLY SHOWN ITSELF READY TO EXAMINE THE POSSIBILITY OF REFORMS IN SUCH AREAS AS TAXATION, EXTERNAL ACCOUNTS, DEVELOPMENT PLANNING, ETC. HE SAID THE THE GOG DELEGATION WOULD EXPECT TO DISCUSS THE WORLD BANK STUDY ON GUYANA AND ITS RECOMMENDATIONS WITHIN THE CONTEXT OF THE GUYANA SUB-GROUP MEETING.
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(E) HOPE AGREED THAT BALANCE OF PAYMENTS PROGRAMS BEING WORKED OUT BY GOVERNMENTS WITH THE IMF AND THE CDF PROPOSAL OF THE WORLD BANK CERTAINLY NEED NOT BE MUTUALLY EXCLUSIVE OR IN COMPETITION WITH EACH OTHER.

(F) THE GOG WOULD BE PREPARED, ACCORDING TO HOPE, TO CONSIDER THE NEED FOR ADDITIONAL TECHNICAL ASSISTANCE FOR THE DEVELOPMENT AND EXECUTION OF REGIONAL DEVELOPMENT PROGRAMS. HE COULD OBVIOUSLY NOT GO FURTHER THAN THIS AT THE PRESENT TIME WITHOUT HAVING A CLEARER IDEA OF THE EXACT PROPOSAL THE SPONSORING IFIS WOULD BE PUTTING FORWARD.

(G) HOPE PROMISED TO DISCUSS WITH WILLIE DEMAS, PRESIDENT OF THE CARIBBEAN DEVELOPMENT BANK, THE PROPOSAL THAT THE BANK UNDERTAKE INCREASED RESPONSIBILITY AND LEVELS OF ACTIVITY IN THE CARIBBEAN WHICH COULD INCLUDE HAITI AND THE DOMINICAN REPUBLIC. THE WAS PARTICULARLY INTERESTED IN PRECISELY WHAT WE HAD IN MIND AND THE AMBASSADOR QUOTED FOR HIM THE PHRASING USED IN PARA THREE OF REFTEL. HOPE SAID THE ONE IMPEDIMENT TO BANK CONTACTS WITH HAITI AND THE DOMINICAN REPUBLIC MIGHT BE THE LANGUAGE BARRIER. THE AMBASSADOR COUNTERED THIS ARGUMENT BY POINTING OUT THAT MANY OF THE ECONOMIC AND FINANCIAL

EXPERTS IN THESE TWO COUNTRIES HAD BEEN TRAINED IN
ENGLISH-SPEAKING UNIVERSITIES AND THUS THE PROBLEM OF
LANGUAGE SHOULD NOT BE AN INSURMOUNTABLE IMPEDIMENT.
HOPE'S REACTION TO THE PROPOSAL SEEMED POSITIVE.

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C O N F I D E N T I A L SECTION 2 OF 2 GEORGETOWN 1955

3. COMMENT: HOPE WAS CLEARLY IN A MUCH BETTER FRAME
OF MIND THAN HE HAD BEEN ON MAY 10 (GEORGETOWN 1507 NOTAL)
WHEN THE AMBASSADOR LAST MET WITH HIM ON THE SUBJECT OF
THE DONORS MEETING IN PARIS. OBVIOUSLY HIS MORE
OPTIMISTIC VIEW STEMS FROM THE FACT THAT THE GOG HAS
WORKED OUT A ONE-YEAR STANDBY WITH THE IMF AS WELL AS
THE IBRD'S AGREEMENT TO THE FORMATION OF A GUYANA SUB-
GROUP. HE IS STILL UNINFORMED AS TO THE EVENTUAL
MEMBERSHIP OF THE GUYANA SUB-GROUP, BUT ASSUMES THAT
CANADA, THE US AND THE UK WILL PARTICIPATE AS WELL AS
POSSIBLY VENEZUELA, BRAZIL AND ARGENTINA. BEYOND THIS
HE HAS NO DETAILS. HE ALSO WONDERS ABOUT HOW THE WORK
OF THE SUB-GROUP WILL BE ORGANIZED. HE ASSUMES THAT THE
RECIPIENT COUNTRY WILL MAKE A PRESENTATION AT THE OUTSET
IN WHICH IT WOULD OUTLINE ITS DEVELOPMENT PLANS AND THEN
LOOK FOR COMMENT FROM THE DONOR MEMBERS OF THE SUB-
GROUP. HE OBVIOUSLY EXPECTS THAT HE WILL BE QUESTIONED
CLOSELY ABOUT GUYANA'S FINANCIAL CONDITION, POTENTIAL
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SOURCES OF ASSISTANCE, AND DEVELOPMENTAL SCHEMES.
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